

## **Investigate the Rewards Impacts on Employee Turnover Intention in Small and Medium Businesses in Sri Lanka (Special References in Ampara District)**

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### **ABSTRACT**

**Purpose:** The purpose of this research is to examine the impact of organizational rewards both financial and non-financial on employee turnover intention within small and medium-sized enterprises (SMEs) in Sri Lanka. By exploring the relationship between these rewards and turnover intentions, the study aims to provide valuable insights that can help SME owners and managers develop more effective retention strategies, thereby enhancing the overall sustainability and competitiveness of SMEs in Sri Lanka.

**Design/methodology/approach:** Data were collected through structured questionnaires from a random sample of 280 employees working in selected small and medium enterprises within the Ampara Divisional Secretariats. The data were analyzed using Descriptive statistics, Pearson correlation analysis, and Regression with the support of SPSS version 26.0. The normality test, ANOVA analysis, and factor analysis were carried out.

**Findings:** This study used financial rewards (salary, employee bonuses, and fringe benefits) and non-financial rewards (supervisor support, recognition, working environment, training, and promotion) as independent variables, with employee turnover as the dependent variable. In this study, Cronbach's Alpha was 0.837 indicating good reliability and validity for the research variables. The study found that both financial and non-financial rewards displayed a strong negative correlation with turnover intention. Specifically, as financial rewards increased, employee turnover intention decreased.

**Practical implications:** This study highlights the importance for owners and managers to understand the reasons behind employees' turnover intentions. It emphasizes the need to focus on activities that can help maintain a high retention rate within SMEs by ensuring employees are satisfied and motivated in the workplace. Specifically, it focuses on how both financial and non-financial rewards can influence retention rates in SMEs in Sri Lanka. By exploring these dynamics, the study offers practical recommendations for improving employee satisfaction and motivation, which in turn can enhance retention and overall business performance.

**Originality value:** Retaining talented and high-quality employees is considered one of the key long-term sustainable competitive advantages for SMEs. However, it has become a significant challenge for companies in the modern business environment. Therefore, this study provides new insights into the rewards-turnover relationship in SMEs in Sri Lanka, offering valuable guidance for business owners seeking to enhance employee retention.

**Keywords:** *Rewards System, Financial Rewards, Non- Financial Rewards, Turnover Intention, Small and medium Enterprises.*